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**UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION  
BOARD OF TRUSTEES**

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EOG RESOURCES, INC.,

Petitioner,

v.

UTAH SCHOOL AND  
INSTITUTIONAL TRUST LANDS  
ADMINISTRATION, OFFICE OF THE  
DIRECTOR,

Respondent.

**STIPULATED STATEMENT OF FACTS  
AS OF AUGUST 8, 2019**

Petitioner EOG Resources, Inc., (“EOG”) and Respondent the Utah School and Institutional Trust Lands Administration (“SITLA”) (collectively, the “Parties”), submit the following Stipulated Statement of Facts.

**INTRODUCTION**

1. This action involves review of SITLA’s audit findings for certain oil and gas leases held and operated by EOG covering SITLA-owned properties in eastern Utah.

2. SITLA audited EOG for the period of January 1, 2007 through December 31, 2011, and issued its audit report on August 1, 2012 (“2012 Audit”). A copy of the 2012 Audit can be found at APP [EOG 1724]. The 2012 Audit determined that EOG owed an additional royalty payment of \$674,083 plus interest for a total amount of \$820,120.

3. SITLA later conducted a second audit for the period of January 1, 2012 through December 31, 2017, and issued its audit report on April 23, 2018 (“2018 Audit Report”). A copy of the 2018 Audit Report can be found at APP [EOG 1729]. The 2018 Audit Report determined that EOG owed an additional royalty payment for the combined audit period of January 1, 2007 through December 31, 2017 in the amount of \$2.2 million.

4. On August 22, 2018, EOG petitioned the School and Institutional Trust Lands Administration Board of Trustees (the “Board”) for review of the 2018 Audit Report. EOG’s petition requested the Board to set aside SITLA’s 2018 Audit Report findings and assessment in full, and to remand to SITLA with instructions to refund of overpaid royalties in the amount of \$743,000.

5. On October 31, 2018, SITLA filed its response to EOG’s petition. SITLA’s response denies that EOG is entitled to the relief requested, including any refund.

### **STIPULATED STATEMENT OF FACTS**

6. SITLA owns properties in the Chapita/Stagecoach area in Uintah County, Utah, and in the River Bend area in Duchesne County, Utah. SITLA’s properties have or are producing oil, gas, and related hydrocarbons.

7. EOG is the lessee and operator of several SITLA oil and gas leases in the Chapita/Stagecoach and River Bend areas. The seven leases at issue in this matter include: Mineral Lease No. 1299, Mineral Lease No. 3077, Mineral Lease No. 3078, Mineral Lease No.

3355, Mineral Lease No. 45681, Mineral Lease No. 47045, and Mineral Lease No. 48380 (collectively, the “SITLA Leases”).

8. Mineral Lease No. 1299 was issued to Belco Petroleum Corporation on January 2, 1953. The lease covers 40 acres described as SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> of Section 7, Township 9 South, Range 22 East, S.L.M. APP [EOG 1]. EOG owns and operates Mineral Lease No. 1299.

9. Mineral Lease No. 3077 was issued to Continental Oil Company on January 2, 1953. The lease covers 640 acres described as Section 2, Township 9 South, Range 22 East, S.L.M. APP [EOG 9]. EOG owns and operates Mineral Lease No. 3077.

10. Mineral Lease No. 3078 was issued to Continental Oil Company on January 2, 1953. The lease covers 640 acres described as Section 16, Township 9 South, Range 22 East, S.L.M. APP [EOG 13]. EOG owns and operates Mineral Lease No. 3078.

11. Mineral Lease No. 3355 was issued to Shell Oil Company on January 2, 1953. The lease covers 640 acres described as Section 32, Township 9 South, Range 23 East, S.L.M. APP [EOG 17]. EOG owns and operates Mineral Lease No. 3355.

12. Mineral Lease No. 45681 was issued to Continental Marketing on August 10, 1992. The lease covers 80 acres described as NE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub> of Section 6 and NW<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> of Section 7, Township 9 South, S.L.M. APP [EOG 22]. EOG owns and operates Mineral Lease No. 45681.

13. Mineral Lease No. 47045 was issued to Samuel Butler, III on September 6, 1995. The lease covers 640 acres described as Section 16, Township 9 South, Range 23 East, S.L.M. APP [EOG \_\_\_\_]. EOG owns and operates Mineral lease No. 47045.

14. Mineral Lease No. 48380 was issued to Craig L. Emmanuel on January 26, 2000. The lease covers 600 acres described as E<sup>1</sup>/<sub>2</sub>, N<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub>, NW<sup>1</sup>/<sub>4</sub> of Section 32, Township 10 South, Range 18 East, S.L.M. APP [EOG 47]. EOG owns and operates Mineral

Lease No. 48380.

15. Several of the SITLA Leases subject to the audit were committed to federal exploratory units and remained committed to the units during the audit period.

16. Specifically, lease numbers ML 3077, ML 3078, and ML 3355 were committed to the Chapita Wells Unit Agreement, which was approved by SITLA's Approval-Certification-Determination. A copy of the Chapita Wells Unit Agreement can be found at APP [EOG 987]. The Chapita Wells Unit was approved by the Bureau of Land Management ("BLM") in 1951, has been contracted and expanded over time, and continues to produce oil and gas.

17. The three SITLA-audit leases in the Chapita Wells Unit are within and producing from two participating areas, being the Consolidated Wasatch PA and Consolidated Mesaverde PA, as revised. The parties do not dispute the production allocation under the Chapita Wells Unit participating areas.

18. EOG has prepared a map showing the general location of the leases, the unit boundaries, the participating areas, and the location of various wells, pipelines and processing facilities. APP [EOG-001721].

19. Production from the ML 3355 lease is collected at the Davies Road Central Facility, shown on the map, measured by the Davies Road Master facility measurement point ("FMP"), and moved to the Stagecoach and Iron Horse plants located in Section 16 of Township 9 South, Range 22 East, on the western edge of the Chapita Wells Unit. The production then goes to the Chapita Compressor station. Production from the ML 3077 and ML 3078 is measured at FMP's located at the well and then moved to the Stagecoach and Ironhorse plants for processing and then to the Chapita Compressor station.

20. Lease ML 1299 was committed to the Stagecoach Unit Agreement, which was

approved by SITLA's Approval-Certification-Determination. A copy of the Stagecoach Unit Agreement can be found at APP [EOG 1371]. The Stagecoach Unit was approved by the BLM in 1960, has been contracted over time, and continues to produce oil and gas.

21. Lease ML 1299 is within two participating areas in the Stagecoach Unit, being the Initial Wasatch PA and the Consolidated Mesaverde/Mancos PA, as revised. The parties do not dispute the production allocation under the Stagecoach Unit participating areas.

22. As shown on the map, there are no wells on lease ML 1299, rather the lease is allocated production from the participating areas. APP. [EOG 1721]. Production from the Stagecoach Unit is moved to the Stagecoach and Iron Horse plants and then to the Chapita Compressor station.

23. Lease ML 45681 is not contained within a unit and is located in a floodplain and cannot have an FMP on the lease. Thus, production from ML 45681 is determined at an off-lease FMP as it enters the pipeline, known as Lateral 0, which is shown on the map. APP [EOG 1721].

24. Lease ML 47045 is not contained within a unit. Production from lease ML 47045 is measured at a master FMP at the ECW Sec. 16 Central Facility and is then moved to the Stagecoach and Iron Horse plants and then to the Chapita Compressor station. APP [EOG 1721].

25. Lease ML 48380 is not contained within a unit. Production from lease ML 48380 was measured by an FMP at the well and then delivered to the Questar pipeline shown on the map (APP [EOG 1721]) at the West Desert Tap. The single well on this lease, the State 1-32, was assigned in 2012 by EOG to a third party.

26. As shown on the map, production from the SITLA Leases flows through pipelines

owned by EOG and Questar<sup>1</sup> to the Stagecoach processing plant, the Iron Horse Cryogenic plant, and the Chapita Compressor station. APP. [EOG 1721]. The statements detailing the movement of production in paragraph numbers 19, 22, 23, 24, and 25 of this Stipulated Statement of Facts may not contain all details of movement and treatment and therefore may be supplemented at a later date.

27. A statement showing a sample gas analysis is attached at APP. [EOG 2205].

28. The FERC Gas Tariff specifications for the pipeline where the gas is sold are shown on APP. [FERC Gas Tariff – Dominion Questar].

Respectfully submitted this 8th day of August, 2019,

HOLLAND & HART LLP

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*Attorneys for Petitioner EOG Resources, Inc.*

UTAH SCHOOL AND INSTITUTIONAL  
TRUST LANDS ADMINISTRATION

Michael S. Johnson

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<sup>1</sup> “Questar” or “QEP” refers to companies related to Questar Corporation, now Dominion Energy Questar Corporation, which have gone through several mergers, name changes, and asset transfers during the audit period.

**CERTIFICATE OF SERVICE**

I, the undersigned, hereby certify that on August 8, 2019 I caused a copy of the foregoing

**STIPULATED STATEMENT OF FACTS** to be served via email upon:

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Shawn T. Welch

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